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TAGS: [AORC](#) [PARM](#) [ENRG](#) [TRGY](#) [KNPP](#) [KN](#)
SUBJECT: IAEA: U/S ROOD TOUR D,HORIZON WITH DG ELBARADEI
AND SECRETARIAT OFFICIALS

Classified By: Ambassador Gregory L. Schulte for reasons 1.4 b, d, h

Summary

¶1. (C) In a series of meetings with IAEA Director General ElBaradei and Secretariat officials May 6, Acting U/S for Arms Control and International Security John Rood discussed priority issues on the U.S. agenda: nuclear safeguards in the DPRK and India; reliable access to nuclear fuel (RANF) and the U.S.-Russia agreement on nuclear energy and non-proliferation; the 20/20 process, and, finally, the IAEA's role in nuclear security. Rood advised the DG that the U.S. sought to promote a greater IAEA role in DPRK verification. Despite DPRK claims to the contrary, ElBaradei was aware of the U.S. position and also noted the need for clarification of the DPRK's NPT status. The DG assessed the probability of bringing the India safeguards agreement to the Board in June as low, due to domestic Indian considerations, but was confident that it could secure swift passage, if necessary by a Special Board.

¶2. (C) In an extensive discussion of RANF, the DG stressed intense sensitivity and skepticism on the part of the G-77 and others. He agreed that sterile debates on NPT rights lead nowhere and hoped to bring concrete proposals to the Board by September. The IAEA fuel bank had the most promise as a symbolic measure, and he had told the Russians to come when they are ready with their proposal. Separately, Secretariat officials focused on the perception of "foregoing rights" and the Russian proposal's provision of guaranteed export controls. Acting U/S Rood welcomed the multiplicity of efforts on RANF but stressed that the U.S. proposal setting aside 17.4 million metric tons of HEU be given due consideration.

¶3. (SBU) Rood expressed strong U.S. support for the IAEA and recognized the value of the 20/20 process but cautioned that resource constraints be factored in, lest this vision go unfulfilled. The 20/20 report is expected soon but the DG did not anticipate substantive debate before the September Board and during the Scientific Forum on the margins of the General Conference. Rood also discussed possible synergies between the IAEA and the Global Initiative to Combat Nuclear Terrorism (GICNT) with Nuclear Security Director Nilssen. The IAEA planned to participate in a GICNT table top exercise in May but had not yet been invited to the Madrid Ministerial in June. End Summary.

DPRK

¶4. (S) In his May 6 meeting with the DG, U/S Rood advised ElBaradei of some progress on the DPRK issue; the declaration was expected shortly and the team was told thousands of pages of production records would be provided. The plan was for

China to receive the declaration as the Six Party Chairman and circulate it to the six. He assured the DG that the U.S. preferred that the IAEA play a larger role, especially in verification, and, to the extent possible, would pressure the DPRK to agree. The U.S. also remained committed to the DPRK's return to the NPT and Safeguards. Rood advised Safeguards DDG Heinoen separately that the U.S. would urge China to give the declaration to the IAEA, though the DPRK was reluctant to do so.

15. (S) According to ElBaradei, the DPRK had disingenuously claimed to the IAEA that the U.S. did not want to work with the Agency, which he knew to be false. The DG further observed that the DPRK's NPT status was in legal limbo, a point also raised by EXPO Director Vilmos Cserveny. Both ElBaradei and Cserveny cited a UK statement to the NPT Prepcom that stipulated the DPRK remained in the NPT. The IAEA needed a clear answer as to whether DPRK was inside or outside the NPT in order to apply appropriate safeguards and the DG may raise the issue at the June Board meeting. The DG said he believes "you are right" that the DPRK has left the treaty, but given the differing views, he needs an authoritative finding as to whether the international community expects the IAEA to attempt to implement the DPRK's NPT-related safeguards agreement. Regardless of NPT status, however, upon the request of the Six Parties, the IAEA could verify the DPRK declaration, thus allowing the DPRK's return to the NPT, the DG presumed (assuming it has withdrawn.) The IAEA stood ready to assist, though the DG noted it would be a lot of work and require consultation with weapons state experts, in the same way the IAEA drew from P5 states to support verification work in South Africa after it dismantled its weapons and joined the NPT. In a separate briefing with EXPO, Heinoen saw no particular problems with monitoring or

verification in the DPRK. He noted that the IAEA would need funding to play a larger role in verification of the declaration. Cserveny was aware that A/S Hill was promoting the IAEA's role.

India

16. (C) The DG was still hoping that an India Safeguards agreement could be brought to the Board but saw the likelihood as low. He agreed that India got a good agreement with the U.S. and that this was more of an ideological issue within the Indian government. He believed the Congress Party did not want to risk an early election on this issue. Rood noted that this was now a domestic India issue and the U.S. was staying in the background. As for the IAEA Safeguards agreement, the DG dismissed India specific "rhetoric" as just that, and still hoped to bring it to the Board. His support for the India agreement had drawn criticism, he noted, including one full-page article from non-proliferation experts. Once signed, the DG believed he could move a Safeguards agreement quickly through a Special Board with a couple of weeks notice. He did not expect controversy and also did not see much of a problem in the NSG, despite nay-sayers such as Austria.

Reliable Access

17. (C) Rood had detailed discussions with the DG and in the EXPO briefing on Reliable Access to Nuclear Fuel (RANF). As the world embarked on the so-called nuclear "renaissance," though it was much more than that, Rood noted, it was essential to address the proliferation risks of nuclear fuel cycle technology. The DG agreed in principle but noted that the six countries had "shot themselves in the foot" when they first put forward a proposal that required forgoing enrichment. Though the proposal has since been adjusted, the Agency was still trying to recuperate. He registered a "huge sense of distrust" on this issue that extended beyond the G-77 to countries like Italy, Canada and Australia. For instance, in the Committee on Program and Budget, one NAM member (Malaysia) opposed a passing mention of RANF in an

unrelated program audit document. Inherent distrust among the G-77 was also fueled by Iran, the DG noted, as RANF is seen as a means of putting extra pressure on Iran. In the DG's view, the 10 percent of countries that are hard over on enrichment rights, either see it as a prestige and security issue, including through the prism of Iran; or have commercial concerns, as is the case with Canada and Australia.

18. (C) Nevertheless, the DG believed he could still move the IAEA fuel bank proposal forward as a symbolic measure. For the first time in the history of the Agency, it would be able to fulfill its statutory mandate in this regard. He regarded the EU as the best prospect for funding and was going to Brussels to see Barosso later the same day. He had approached Japan twice and was aware that Senator Nunn planned to speak to Gulf states. Once he had the remaining 45 million dollars to match the NTI and U.S. monies, the DG was prepared to bring the proposal to the Board. Rood observed that the EU and France, in particular, were good prospects. Gulf countries looked promising, but Japan was unlikely to ante up. The DG saw Japan's position as short-sighted. He agreed that a diversity of contributors, especially recipient states, would be optimal and would seek to solicit even symbolic contributions from countries like India or Brazil.

19. (C) Rood viewed the multiplicity of efforts on RANF as positive and agreed that the IAEA fuel bank proposal would have a psychological impact in showing progress. He bemoaned the sterile debate in the NPT Prepcom between "haves" and "have nots," who used the same talking points a decade ago. ElBaradei concurred that NPT discussions were a waste of time and more on the ground progress was needed. Having IAEA, Russian and U.S. fuel banks on-line would also send a psychological message, Rood noted, likening this to petroleum reserves. Some countries may distrust the U.S. 17.4 million tons, but they would have other sources. The DG observed that we just have to take the first step but absent a specific proposal any Board discussion would be circular. He hoped the Russian proposal would be ready for the September Board and the IAEA fuel bank, which was easily acceptable and non-commercial, before then. The Russian proposal seemed to be stuck between the Foreign Ministry and the technical people at Rosatom, according to the DG. He had told the Russians to come when they are ready. Rood offered to follow

up with Russian Deputy FM Kislyak.

10. (C) In a separate EXPO-arranged briefing, Nuclear Energy Director for Fuel Cycle and Waste Technology Hans Forsstrom reviewed the status of the various reliable access proposals to date. It had already been a year since the Secretariat's report, he noted, but the issue was not yet ripe for the Board and was not expected to be added to the June agenda. Forsstrom cited the same sensitivities among the G-77 on philosophical issues and sought to work on practical proposals. Three of the proposals seemed to be the most promising: the IAEA fuel bank, though he did not expect the EU would provide all of the remaining 45 million USD; the Russian proposal and to a lesser extent the German multinational enrichment center proposal. The Russian proposal would be a good vehicle in his view to bring the issue forward, and should be acceptable to the G-77 and NAM. He noted that it includes a guaranteed export license, even if Russia were to cut off supply to a particular country. Rood inquired whether this meant the IAEA could override export controls in the event of a supply disruption. The Secretariat saw this as a key issue of the IAEA-Russia agreement, putting the fuel under an international umbrella. Forsstrom highlighted three criteria the DG had put forward at a Berlin conference in April: multinational control; recognition of states NPT rights and obligations; and non-political criteria for the release of the fuel. He explained that these three proposals (IAEA fuel bank, Russian and German) met the "test" among the "have nots", that they are not being asked to forgo any "rights."

¶11. (C) Rood expressed support for Angarsk and the Russian proposal but asked why the U.S. proposal to set aside 17.4 million metric tons of HEU seemed to have been discounted in Forsstrom's presentation. The key issues, Forsstrom explained, were forgoing rights, on which he cited a 2005 letter from Ambassador Schulte relaying the U.S. offer, and guaranteed export licenses. He suggested the U.S. could make a proposal similar to the Russian proposal even with additional conditions on export that might apply to some countries. Rood observed that the U.S. and Six-country proposals did not abridge NPT rights and "forgoing" was not the same as "abridging." Business contracts commonly require "forgoing" purchases from other suppliers, he noted forcefully. EXPO Director Vilmos Cserveny acknowledged this point in contract law but explained that in a politicized environment, other countries interpreted it as such, though he realized the U.S. had moved away from the term "foregoing." Even though the DG came from the G-77, he had to overcome distrust and suspicion on this issue. "Foregoing" was a "killer" the DG's Special Assistant Graham Andrew added, and prompted a knee-jerk reaction among the G-77. He noted that the IAEA fuel bank would not have such a requirement.

¶12. (C) Cserveny encouraged the U.S. to advertise its proposal in Vienna like the others and said the Secretariat was not endorsing one proposal over another but had presented those that had been developed further. The IAEA had not heard more on the Six Country, UK or Japan proposals. Rood complained that the U.S. and Six Country proposals were treated as "afterthoughts" in the Secretariat's presentation, which seemed to short change a major commitment by the U.S. to set aside 17.4 million tons of HEU. He cautioned them to not give the appearance of espousing the G-77 view on abridging rights. The Global Nuclear Energy Partnership (GNEP), to which 21 countries had subscribed, also did not "abridge rights" he noted but recognized the reality that enrichment and reprocessing (ENR) was a major NPT loophole. The U.S.-Russia agreement on nuclear energy and non-proliferation was likewise an effort to promote nuclear energy without ENR. Andrew recognized the twin goals of providing an opportunity for access and non-proliferation but noted that with some audiences it is best to advertise the first goal. Forsstrom also saw GNEP as a positive initiative on the back end of the fuel cycle, and suggested bringing it to the Board to encourage G-77 and NAM buy-in.

U.S.-Russia Agreement

¶13. (C) Rood also informed the DG about the Bush-Putin agreement to promote nuclear energy and non-proliferation. He advised that Ambassador Wolcott was working with Russian Governor Berdinakov on this effort to "polish-up" the NPT bargain and realize the NPT's vision on usage of nuclear energy. The U.S.-Russia effort sought to remove economic incentives for the pursuit of enrichment technology and included outreach to the World Bank to remove restrictions on

financing for nuclear power infrastructure. ElBaradei observed that countries such as the UAE and Jordan were starting from "zero" infrastructure and saw greater prospects for nuclear power in large countries. He encouraged the sharing of R&D, such as on Generation IV reactors, with countries, noting that some tend to equate enrichment with science and technology. ElBaradei was disparaging of French President Sarkozy's willingness to sell nuclear power to "everyone and their brother", but noted that AREVA was not keen on entering countries with no infrastructure and preferred to sell to the likes of South Africa, India, China and Brazil where it could achieve economies of scale.

20/20

¶14. (SBU) Acting U/S Rood discussed the upcoming 20/20 report of the Commission of Eminent Persons with the DG and Secretariat officials, expressing strong USG support for the

IAEA and our desire to see the Agency resourced properly, but also cautioning on the need for realistic budget targets.

¶15. (SBU) The DG stressed that the Commission was independent and that he had not seen a draft of the report. The Commissioners represented a broad spectrum of views on nuclear power, disarmament and other issues and their report would be sent to the Board without comment. He hoped to get the report next week but did not expect substantive discussion in the Board until September. Since this was a long-term view of the Agency, no immediate Board action was expected though there were some short-term issues, including the laboratories, that had resource implications. The DG explained that the genesis of the 20/20 initiative had been the "pathetic" budget discussions on the Board. He cited the example of the AIPS where the Japanese were arguing unrealistically that the 14 million USD shortfall could be made up through internal savings and the debate was conducted in terms of mantras. 20/20 was an effort to go beyond the Board to Member States and to honestly assess what the Agency can or cannot deliver in several areas. The DG noted a gap between the policy level and budget deliberations, and was tired of the repeated clichés on "zero nominal growth" and the like. Rood expressed support for this important project and agreed that people often had trouble focusing on the big picture as we look to the IAEA to do more. ElBaradei also mentioned that he had suggested a non-proliferation Summit to President Bush at one juncture, which could possibly be pursued after 20/20.

¶16. (SBU) DG Special Assistant Andrew also provided an overview of the 20/20 process during the EXPO-arranged briefing. He explained the intense 3-4 months of internal prep-work involving the whole Agency, that the Secretariat had done. The Commission represented a balanced team charged with focusing on big picture issues such as the over-reliance on extra-budgetary funding in areas like nuclear safety and security. The Secretariat had provided some guidance on the first draft of the Commission report but the DG was steering clear of this independent process, he noted. The report was expected in 7-10 days and would be presented by former Commission Chair and Mexican President Zedillo to the Board in June with substantive discussion expected in the September Board and the Scientific Forum on the margins of the October General Conference. The Commission report was "only the end of the beginning" of the process, he stressed. It would be up to the Board to frame the issues presented in the report for future consideration.

¶17. (SBU) Rood said that the U.S. regarded the IAEA as crucial and recognized the growing demands on the Agency, including in connection with the so-called nuclear "renaissance," climate change and energy demands. Resources could never fully keep pace with this growth and he advised the Secretariat to take account of resource constraints early in the process and consider what might be dropped. Without due account of resources, the vision of 20/20 would go unfulfilled, he feared. Andrew observed that there was a compelling case for more resources but that the Secretariat had made every effort to prioritize and identify activities they could do less of, improve efficiency and seek outside funding. Rood agreed that such a compelling case could be made but suggested changes in business operations.

Nuclear Terrorism

¶18. (U) Rood discussed the Global Initiative to Combat Nuclear Terrorism (GI) with Anita Nilsson, Director of the Office of Nuclear Security. Nilsson outlined IAEA efforts to expand the scope of its security programs after September 11, to move from ad hoc to sustainable solutions. She urged that now was the time to make sure the international community had a solid base for activities against a threat which would be with us into the foreseeable future. Rood welcomed IAEA action and encouraged Nilsson to "keep it up." He was concerned that the security situation changed constantly and

was not sure that the international community was staying abreast.

¶19. (U) Nilsson expressed the view that the strength of the GI was its statement of principles, noting that some of the language was identical with the language in the IAEA's own Nuclear Security Plan. How, she asked, could we make sure that adherence to the shared principles led to a solid structure which could keep international attention fixed at a high level on nuclear terrorism? And what did U/S Rood think the role of the IAEA should be, in practical terms, in implementing the principles? Rood replied that he hoped to hear from the IAEA what an appropriate role for the IAEA might be. The Office of Nuclear Security should certainly take part in some, although not all, of the activities in the current Program of Work. Perhaps, Rood suggested, the IAEA might want to sponsor a GI exercise of its own.

20.(U) After explaining that it would be difficult for the IAEA to sponsor an event which did not include all its Members States, Nilsson countered by suggesting a more inclusive approach. Why not welcome everything which supported the GI principles as part of the GI? Activities ranging from the IAEA's own programs, Member States' bilateral activities, as well as the specific GI Program of Work activities, could all be counted as part of the Global Initiative. After all, she argued, everything that supported the principles supported the Global Initiative; we are all working toward the same goals. Rood thought this was an interesting notion which he would have to consider further. In any case, he added, there would have to be a specific GI program of work to challenge subscribing states to act on the principles.

21.(U) As an example of an IAEA activity which clearly supported the principles of the Global Initiative, Nilsson mentioned the IAEA's Integrated Nuclear Security Support Plans (INSSP's). There are currently plans in various stages of implementation with 44 countries. The Office of Nuclear Security considers all aspects of nuclear security in developing the plans. The INSSP's cover legal commitments as well as nuclear activities. Does the country subscribe to the relevant international treaties and conventions? Does the country have proper legislation in place? What nuclear materials or radioactive sources does the country possess? Is the security for such items at the level prescribed by international agreements? On the basis of this overall assessment, the Office of Nuclear Security provides countries with steps they should take to ensure adequate security. Perhaps, Nilsson suggested, the Global Initiative could note the importance of the full implementation of INSSPs as a goal for Member States. Rood replied that the INSSPs sounded quite interesting and worth further investigation.

¶22. (U) Finally, Rood and Nilsson briefly discussed possible IAEA attendance at the Madrid Ministerial meeting in June. Nilsson had apparently not yet received an invitation to the meeting, only to the table top exercise in May, which the IAEA plans to participate in. Nilsson promised to consider attendance once she had all relevant information. Rood urged her to attend and added that he hoped Director General ElBaradei would be able to attend as well.

¶23. (U) Acting U/S Rood did not have an opportunity to clear this message.
SCHULTE